



COUNTY OF LOS ANGELES
DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

900 SOUTH FREMONT AVENUE
ALHAMBRA, CALIFORNIA 91803-1331
Telephone: (626) 458-5100
<http://dpw.lacounty.gov>

GAIL FARBER, Director

ADDRESS ALL CORRESPONDENCE TO:
P.O. BOX 1460
ALHAMBRA, CALIFORNIA 91802-1460

February 19, 2013

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

25 February 19, 2013

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

**LOS ANGELES COUNTY WATERWORKS DISTRICT
NO. 40, ANTELOPE VALLEY
WATER RATE ADJUSTMENT
(SUPERVISORIAL DISTRICT 5)
(3 VOTES)**

SUBJECT

This action is to adopt a resolution adjusting the water rates to offset cost increases due to inflation and the cost of purchasing wholesale water for the Los Angeles County Waterworks District No. 40, Antelope Valley, and to implement the changes 30 days after adjustment notices are sent to customers.

IT IS RECOMMENDED THAT THE BOARD ACTING AS THE GOVERNING BODY OF THE LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 40, ANTELOPE VALLEY:

1. Adopt the resolution to adjust the water rates to pass through inflation as measured by the Consumer Price Index and wholesale water cost increases from the wholesale water agency serving the Los Angeles County Waterworks District No. 40, Antelope Valley.
2. Authorize the Director of Public Works or her designee to amend the Rules and Regulations of the Los Angeles County Waterworks Districts and Marina del Rey Water System and to implement the water rate changes effective 30 days after adjustment notices are sent to customers.
3. Find that the purpose of adjustments to the water rates shown in the Rules and Regulations of the Los Angeles County Waterworks Districts and Marina del Rey Water System are to meet the operating expenses necessary to maintain service within existing service areas and, therefore, are statutorily exempt from the California Environmental Quality Act.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended action is to adjust water rates to offset inflation and wholesale water cost increases adopted by wholesale water agencies serving the Los Angeles County Waterworks District No. 40, Antelope Valley (District). This proposed pass-through rate increase is consistent with the requirements of Assembly Bill 3030, which was approved in September 2008. The bill allows water utilities to pass through increases due to inflation and wholesale water rates. It also requires water utilities to conduct Proposition 218 notices and public hearings at least once every five years.

Currently, the Rules and Regulations of the Los Angeles County Waterworks Districts and Marina del Rey Water System (Rules and Regulations) allow the District to annually review water rates and make a recommendation to the Board for water rate adjustments.

The Consumer Price Index for the areas of Los Angeles, Riverside, and Orange Counties for the period of September 2011 to September 2012 was 2.2 percent, and the wholesale water rates were increased by 5.3 percent.

The District's Financial Officer and the Auditor-Controller reviewed the District's rates and determined the need for an adjustment of 4.4 percent to the retail water rates for the District.

The last water rate adjustment of 9.6 percent for calendar year 2012 was approved on November 29, 2011.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan directs the provisions of Operational Effectiveness (Goal 1) and Fiscal Sustainability (Goal 2) by providing sufficient funds to offset inflation and increases in wholesale water costs to maintain reliable delivery of water service to County residents within the Waterworks Districts.

FISCAL IMPACT/FINANCING

There will be no impact to the County General Fund.

This action will generate additional annual revenue in water sales of approximately \$1.5 million in the District's General Fund (N63) and \$78,000 in the District's Accumulative Capital Outlay Fund (N64) to pay for the increased cost of wholesale water. The rate adjustments will become effective 30 days after adjustment notices are sent to customers.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Board is authorized to increase the water rates, surcharges, and water supply charges pursuant to Section 55501 of the District's Law, Water Code Section 55000 et seq. Adoption of the enclosed resolution will allow revisions to the Rules and Regulations, adopted pursuant to Section 55333 of the District's Law.

Section 53756 of the California Government Code states that "An agency providing water, sewer, or refuse collection service may adopt a schedule of fees or charges authorizing automatic adjustments

that pass through increases in wholesale charges for water or adjustments for inflation..." A notice of the adjustments will be given pursuant to Subdivision (a) of Section 53755 of the Government Code within 30 days before the effective date of the adjustment.

Consistent with the requirements of Sections 53756 and 66016 of the Government Code, the Board held a public hearing on the matter of annual rate adjustments on November 24, 2009, and consistent with California Constitution Article 13, Section 6 and Sections 66018 and 6062a of the Government Code, a Notice of the Public Hearing was mailed to all affected customers and property owners more than 45 days in advance of the date of the public hearing. Seven written protests were received prior to the public hearing. Also in compliance with these Government Code Sections, a notice of the time and place of the hearing was published two times in a newspaper of general circulation within a ten-day period with at least five intervening days. After the public hearing, the Board approved the required resolution, subject to annual rate increase approval by the Board.

This action complies with the requirements of the California Constitution, Article XIII D (Proposition 218), and does not impose a tax within the meaning of Article XIII C, Section 1(e), of the California Constitution (Proposition 26), approved by the voters on November 2, 2010.

County Counsel has reviewed and approved the proposed resolution as to form.

ENVIRONMENTAL DOCUMENTATION

These actions and the resolution, amending the Rules and Regulations, are to fund operating expenses and, therefore, are exempt from the California Environmental Quality Act (CEQA) pursuant to Section 21080(b)(8) of the Public Resources Code and Section 15273(a) of the CEQA Guidelines.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There will be no impact on current County services or projects as a result of this action.

CONCLUSION

Please return one adopted copy of this letter and one signed original of the resolution to the Department of Public Works, Waterworks Division.

The Honorable Board of Supervisors

2/19/2013

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Respectfully submitted,

A handwritten signature in cursive script that reads "Gail Farber".

GAIL FARBER

Director

GF:AA:dvt

Enclosures

c: Auditor-Controller
Chief Executive Office (Rita Robinson)
County Counsel
Executive Office

**A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE
COUNTY OF LOS ANGELES, CALIFORNIA, AUTHORIZING THE
DIRECTOR OF PUBLIC WORKS OR HER DESIGNEE TO
ADJUST THE WATER RATES FOR THE LOS ANGELES COUNTY
WATERWORKS DISTRICT NO. 40, ANTELOPE VALLEY**

WHEREAS, the Los Angeles County Waterworks District No. 40, Antelope Valley; (hereinafter referred to as DISTRICT) provides potable water service to customers located within the Cities of Lancaster and Palmdale and within the unincorporated communities of Pearblossom, Littlerock, Rock Creek, and Lake Los Angeles; and

WHEREAS, the Los Angeles County Board of Supervisors as the governing body of the DISTRICT pursuant to Section 55501 of the District's Law, Water Code, is authorized to increase the water rates, surcharges, and water supply charges as adopted in the Rules and Regulations of the Los Angeles County Waterworks Districts and Marina del Rey Water System pursuant to Section 55333; and

WHEREAS, the Rules and Regulations of the Los Angeles County Waterworks Districts and Marina del Rey Water System requires the District Engineer to annually review the water rate schedules and make recommendations to the Board of Supervisors for water rate adjustments; and

WHEREAS, the DISTRICT purchase wholesale water from water wholesalers as needed; and

WHEREAS, Section 53756 of the California Government Code states that "An agency providing water, sewer, or refuse collection service may adopt a schedule of fees or charges authorizing automatic adjustments that pass through increases in wholesale charges for water or adjustments for inflation..."; and

WHEREAS, the DISTRICT'S retail price of water is partially dependent upon the DISTRICT'S cost of the purchase of wholesale water; and

WHEREAS, it is the intent of the DISTRICT to pass through inflation as measured by the Consumer Price Index and wholesale water charge increases to its retail customers.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors of the County of Los Angeles, as the governing body of the DISTRICT, does hereby authorize the Director of Public Works or her designee to adjust the water rates to become effective 30 days after adjustment notices are sent to customers.

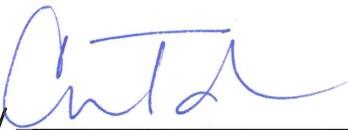
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The foregoing Resolution was on the 19th day of February, 2013, adopted by the Board of Supervisors of the County of Los Angeles as the governing body of the Los Angeles County Waterworks District No. 40, Antelope Valley.




SACHI A. HAMAI
Executive Officer of the
Board of Supervisors of the
County of Los Angeles

By 
Deputy

APPROVED AS TO FORM:

JOHN F. KRATTLI
County Counsel

By 
Deputy